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Via Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20054

Re: *Application by Qwest Communications International, Inc. for
Authorization to Provide In-Region InterLATA Services in the States
of Colorado, Idaho, Iowa, Nebraska and North Dakota, WC Docket
No. 02-148*

*Application by Qwest Communications International, Inc. for
Authorization to Provide In-Region InterLATA Services in the States
of Montana, Utah, Washington and Wyoming, WC Docket No. 02-
189*

Dear Ms. Dortch:

AT&T Corp. hereby provides its written responses to the billing questions from Staff that were provided via email to AT&T on August 9, 2002.

(1) Please describe the differences between CRIS bills generated by the three billing centers. In particular, please describe what details vary among the billing regions, and how those differences impact AT&T. You should be specific about which elements are essential on each bill and which are missing. You may want to link the bills to the states applicable to show that the billing in that particular state inadequate. It may be helpful to provide a precise list of everything which is necessary for CLECs to see on the bills and why it is important.

AT&T purchases Qwest's UNE-P service in the states of Arizona, Colorado, and Washington, for which Qwest provides wholesale bills from its CRIS systems. The Washington bill is produced from Qwest's Western region system, while the bills for Arizona and Colorado are produced in Qwest's Central region system.¹

The most significant difference in the Western region bills (Washington) and the Central region bills lies in the provision of summary level billing information.² Unlike the Central region bills for Arizona and Colorado, the Washington bill provides an overall summary of charges that identifies the total charges billed for each billing category included in the details. Billing categories in the Washington (Western region) bills include:

- Monthly (recurring) Charges
- Service Additions and Changes
- Other Charges
- Pay-Per-Use Services
- Special Service Charges
- 800 ServiceLine
- Long Distance
- Directory Assistance
- Taxes, Fees and Surcharges
- Adjustments

The absence of these summarized charges in the bills issued by Qwest's billing center in the Central region effectively prevents AT&T from performing the basic validation steps to quickly locate the types of charges that should not be billed and to provide a basis for determining whether all necessary details charges have been provided. AT&T's accounting procedures require wholesale bills to be "booked" according to specific accounts and sub-accounts within the AT&T general ledgers. The absence of summary level billing information

¹ AT&T does not currently receive wholesale bills from the billing center in Qwest's Eastern region, because it is not currently providing UNE-P service in that region.

² KPMG Consulting confirmed in the ROC third-party testing of Qwest's OSS that CRIS bills differ among Qwest's regions. The Test Requirements Document ("TRD") obligated KPMG to conduct an analysis of differences that exist in the systems, operations, processes, and procedures across the three Qwest operating regions: Eastern, Central, and Western. In the "Regional Differences Assessment" that it prepared pursuant to this analysis, KPMG found that for Qwest's CRIS bills there are differences in systems, practices and procedures from State to State and from region to region. KPMG concluded that the differences in the CRIS billing systems across the three regions "represent a potential risk of regional inconsistencies in usage processing and bill content and format." See KPMG Consulting, *Qwest Corporation Regional Differences Assessment*, dated October 5, 2000, § 1.1.7 (p. 7). See also *id.* § 2.4 (pp. 30-37). KPMG's "Regional Differences Assessment" is included in the *Qwest I* and *Qwest II* applications as Exhibit LN-OSS-4 to the opening declaration of Lynn M. V. Notarianni and Christie L. Doherty.

requires AT&T to estimate the amounts and, through periodic studies, to revise those estimates on a going-forward basis. Although these procedures are consistent with Generally Accepted Accounting Principles ("GAAP"), they are inconsistent with AT&T's procedures that *actual* charges should be the basis for accounting entries. The detail charges in the Central region bills would need to be summed by end-user invoice – thousands of invoices each month – in order to meet this accounting specification. Such a task would be prohibitively time-consuming and expensive. By contrast, the bills received from Qwest's Western region contain the summaries necessary to effect these accounting entries.

(2) Please describe the line items that are missing from CRIS-generated bills, when compared with CABS or other industry-standard billing systems. In order to help us quantify the significance of the detail missing from CRIS bills, please provide a brief overview of line items that AT&T receives from other RBOCs, and what the use would be for missing CRIS details.

As AT&T described during a meeting with Commission Staff on August 23, 2002, Qwest's CRIS bills, unlike the wholesale bills generated by other RBOCs, fail to provide critically important data that are necessary both to audit the bills (confirming their consistency with actual CLEC orders) and to facilitate such basic competitive requirements as determining tax liability. For example, unlike other RBOCs' bills, Qwest's CRIS-based bills do not provide a breakdown of usage by jurisdiction (*i.e.*, originating minutes of use by Local and by intraLATA; terminating minutes of use by Local, intraLATA, and interLATA) necessary to determine tax liability to the various jurisdictions. As a result, AT&T is required to calculate an approximation of usage amounts per jurisdiction and its tax liability by performing a manual study – a process that not only increases AT&T's costs but also creates the risk that AT&T will overpay its taxes. In addition, Qwest's bills, unlike other RBOCs' bills, lump nonrecurring and other charges into broad and undefined categories such as "Charge for Unbundled Services (X15)" or "Adjustment for Unbundled Services (S18)" that do not allow reconciliation of specific types of charges (*e.g.*, UNE-P service order charges) with orders. Because of Qwest's practice, AT&T is unable to verify the accuracy of these charges that relate the type of charge and adjustment by order number and by USOC – and therefore cannot, as a practical matter, determine whether these charges are correct.

(3) Qwest claims that it has identified vendors who provide software to audit its CRIS ASCII bills. Has AT&T investigated any of these vendors? If so, why did AT&T determine not to use those services?

AT&T became aware of the identities of these third-party vendors only after receiving Qwest's *ex parte* filings and the Notarianni/Doherty reply declaration in *Qwest I*. Qwest did not previously name these vendors in connection with any state 271 proceeding. Since receiving Qwest's *ex parte*

and reply declaration, AT&T has contacted each of the vendors to determine the extent to which their products and services enable auditing of the CRIS bills.

In its investigation of the vendors, AT&T repeatedly found that regardless of the vendor involved, a CLEC purchasing software from the vendor would be required to convert the CRIS computer-processable bills into a format that the vendor's systems can process in executing its verification/audit procedures. The bill format, CRIS, that is provided by Qwest is incompatible with the industry standard CABS BOS BDT format (on which such CLECs as AT&T and WorldCom based the design of their internal systems, which process UNE-P wholesale bills from all other RBOCs and bills from Qwest related to interconnection services, *i.e.*, those billed by IABS) due to the proprietary nature of the Qwest billing output from the Qwest regional systems, and is not auditable as the Commission has required in its previous Section 271 orders.³

One vendor, broad:margin, indicated that its systems are most often applied for *access* charge bill verification, rather than for *wholesale* bill verification. UNE-P wholesale bills have very little in common with access bills, which involve access billing for originating and terminating calls, special access rate elements, and the like. Access bills, in CABS format, are not compatible with wholesale bills that are provided in CABS BOS BDT format, and in any event are clearly inconsistent with the proprietary design of the Qwest CRIS bills. Although broad:margin expressed a willingness to develop verification, audit, or bill analysis process to meet AT&T's needs under a contractual arrangement, it did not have a packaged solution of standard analytical processes and procedures that deal with wholesale billing. It is likely, however, that AT&T would be required to pay a substantial price to broad:margin for such a solution – which would be unnecessary if Qwest provided auditable bills in the first place.

AT&T is aware that Qwest has submitted an e-mail from broad:margin stating that it receives CRIS invoices electronically from Global Crossing, and that such data “allows [broad:margin] to perform more detailed audits on the invoices and provide Qwest with the relevant dispute information.”⁴ The statement in broad:margin's July 26th e-mail appears to be inconsistent with the representations that broad:margin made in its discussion with AT&T (which occurred only last week). In addition, broad:margin does not publicly describe bill validation as one of the services that it performs for clients, but instead has described its service as one of assisting large corporations in controlling their internal costs.⁵

³ See *New Jersey 271 Order* ¶ 124; *Pennsylvania 271 Order* ¶ 22.

⁴ See, e.g., Notarianni/Doherty Reply Declaration in *Qwest II*, Reply Exh. CLD-32 at 1 (e-mail dated July 26, 2002, from Ted Bailey (broad:margin) to Pam Dalaitre (Qwest)).

⁵ For example, on its web site, broad:margin states that it “helps large corporations and

In any event, broad:margin's e-mail provides no description of the "auditing" that it performs for Global Crossing, including the level of detail of the audit. To the extent that broad:margin does perform auditing for Global Crossing, that task is relatively simple due to the limited level of competitive activity by Global Crossing in the Qwest region.⁶ There is no evidence that broad:margin's software could perform the type of auditing needed by large-volume CLECs such as AT&T.⁷

AT&T also contacted another vendor, TEOCO. The typical Qwest CRIS bill validation process of TEOCO requires TEOCO to receive the wholesale CRIS bill in a computer medium (such as tape, cartridge, or direct download) and process that data into its systems, but first translating the CRIS bill into an auditable format. TEOCO provides such information as standard sets of reports on detail charges, summaries by bill category, and notices of format and content discrepancies. These outputs are typical bill verification reports that would give a CLEC's management and accounting groups a better understanding of the types of charges being incurred and the amounts of such charges. However, the breakdown of information that a vendor such as TEOCO provides in these reports is too limited for CLECs such as AT&T, whose auditing processes are much more focused on the details of billing that enable the bill processing group to determine the accuracy of the bills and the consistency of the charge elements with its interconnection agreements, with products and services that have been ordered from the RBOC, and with the

competitive telecom carriers to manage costs, thereby strengthening companies both financially and operationally. Our seasoned team of industry consultants can quickly identify holistic solutions that will significantly reduce network related expenses. broad:margin also implements customized flexible network cost management solutions for companies, based on their size, stage of development, and internal capabilities. This can include outsourcing and ASP services as well as direct software licensing. The firm applies optimum methodologies to an organization's business models and practices." See www/broadmargin.com/solutions.htm. broad:margin does not claim on its website that bill validation is one of the "solutions" that it makes available to its clients.

⁶ Qwest's applications make clear that Global Crossing serves a relatively small number of lines through resale or the UNE platform in the nine States for which it is currently seeking Section 271 authority. See, e.g., Teitzel Decl. in *Qwest I*, Exhs. DLT-Track A/PI-CO-1, DLT-Track A/PI-ID-1, DLT-Track A/PI-IA-1, DLT-Track A/PI-NE-1, DLT-Track A/PI-ND-1; Teitzel Decl. in *Qwest II*, Exhs. DLT-Track A/PI-MT-1, DLT-Track A/PI-UT-1, DLT-Track A/PI-WAS-1, DLT-Track A/PI-WA-1. The total number of that Global Crossing serves in these States is certainly small in comparison to the tens of thousands of additional lines that AT&T expects to be serving each month through the UNE platform once it enters the market in the Qwest region on a mass-market basis..

⁷ As AT&T has previously shown, it would be prohibitively expensive and time-consuming for a large-volume CLEC to develop the software necessary to audit a CRIS bill. See, e.g., Finnegan/Connolly/Menezes Decl. in *Qwest II*, ¶ 253.

prior month's billings. To obtain the complete breakdown of data that it needs, AT&T would be required to persuade a vendor such as TEOCO to redesign its software to provide a more detailed breakdown than it currently offers (which would likely result in a substantial increase in the price of the software).

The remaining vendor with which AT&T was able to discuss billing analysis services was CHR Solutions. CHR has processes that verify the content of the CRIS bills by checking the records against specifications and providing standard reports of charges by type, and ranges of charges per end-user location. As such, these reports cannot be used by AT&T bill processing technicians because they cannot provide the audit data due to the limitations of the CRIS bills, as discussed in AT&T's response to Question 2 above. Because AT&T's auditing procedures rely on detailed billing inputs, the lack of such record details in Qwest's CRIS bills necessarily prevents the vendors from developing software that would provide the additional details necessary to perform those procedures.

In short, AT&T's investigation simply confirmed the recent conclusion of the Department of Justice that Qwest still has not demonstrated the electronic auditability of its CRIS bills, or "the feasibility of using commercial technology to audit Qwest's wholesale bills electronically," particularly "for CLECs with large billing volumes." DOJ II Eval. at 15-16. The fact that Qwest did not describe until only recently the processes for transfer of information in ASCII or EDI formats on its electronic bills into commercially available software, despite its repeated previous claims that such transfers could be performed, further undermines its claim of auditability. *Id.* at 16.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy L. Alvarez". The signature is fluid and cursive, with a large, stylized "A" and "L".

cc: Michael Carowitz
Marcy Greene
Janice Myles
Gary Remondino
Elizabeth Yockus